

APPENDIX VI

RATE OF RETURN INFORMATION

REQUIRED OF

ALL

ELECTRIC, GAS, TELEPHONE, WATER AND SEWER UTILITIES

ITEM I

Overall Rate of Return

<u>* Item</u>	<u>Component Ratio</u>	<u>Component Cost Rate</u>	<u>Weighted Average Cost Rate</u>
Common Stock			
Preferred Stock			
Long Term Debt			
Short Term Debt			
Total	1.000		

Discussion I

This is the summary schedule as to the cost of capital estimation and therefore represents the Applicant's recommendation

* Zero Cost Capital may sometimes be included as a component of total capital.

ITEM II

Capital Structure For Ratemaking Purposes

Discussion II

This schedule will show the capital structure that the Applicant proposes to use for the calculation of the overall cost of capital for ratemaking purposes and will appear in the form:

<u>ITEM</u>	<u>AMOUNT</u>	<u>COMPONENT RATIO</u>
A. Common Equity		
Stock		
Surplus		
Retained Earnings		
(Capital Stock Expenses)(1)		
Total		
B. Preferred Stock Equity		
Stock		
(Capital Stock Expenses)(1)		
Total		
C. Long Term Debt		
Mortgage Debt (2)		
L-T Notes		
PCRB Bonds		
Industrial Revenue Bonds		
Capital Lease		
(Unamortized Premium & (1) Discount)		

<u>ITEM</u>	<u>AMOUNT</u>	<u>COMPONENT RATIO</u>
(Unamortized Expenses)(1)		
Total		
D. Short Term Debt		
Notes Payable		
E. Deferred Taxes (3)		
F. Total Capital		
(1) May be deleted.		
(2) Includes current maturities		
(3) Excluded if any appropriate deduction is made from the Petitioner's Recommendation as to Rate Base.		

Schedule III

ITEM III

Historical Capital Structure

@ Dec. 31, for each year

Discussion III

This page of Schedule II would show the historical capitalization at December 31 for each of the preceding five years and would appear,

<u>ITEM</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Common Stock					
Preferred Stock					
Long Term Debt					
Short Term Debt					
Deferred Taxes					
Investment Tax Credit					
Total Capital					

The items as shown above are defined precisely the same as they are defined on Page 1 of Schedule II.

ITEM IV

Capitalization Ratios*

@ Dec 31, each year

Discussion IV

This page of Schedule IV may be generated from the capitalization as shown on page 2 of 3, and will appear,

<u>ITEM</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>
Common Stock					
Preferred Stock					
Long-Term Debt					
Short-Term Debt					
Deferred Taxes					
Investment Tax Credit					
Total					

* May be shown without deferred taxes and investment tax credit.

Discussion V

A. Item:

The specific Item(s) of mortgage debt long term notes and PCRB Bonds, etc.

B. Financing Costs:

The issue-specific initial cost of each item of long-term debt associated with floating the respective issue.

C. Net Proceeds:

This represents the ration of the net proceeds realized by the applicant in the sale of each issue of long-term debt to the face amount of each issue.

D. Amount Outstanding:

The amount of Bonds remaining at the time that the estimated cost of long-term debt is made.

E. Cost Rate Based Upon Net Proceed:

This may be derived with any one of several methods. Usually, however, the coupon rate is simply factored by the net proceeds or a bond table is employed along with interpolation.

Wherein, a sinking fund provision is a component of the bond issue, however, either of these two methods may understate the true cost rate if such sinking fund is ignored. The sinking fund may be recognized in two ways. The annual interest cost plus sinking obligation may simply be factored by the face amount or the annual interest cost plus the sinking fund obligation can be "strung out" over the life of the bond and then solve for the "internal cost rate". The latter method is tedious and a memorandum is available in this regard. Alternatively, if the Petitioner furnishes the cash flows over the life of the bond(s), the PUC will calculate the cost rate.

F. Annual Cost:

The amount outstanding of each issue times the respective cost rate based on net proceeds.

G. Weighted Average Cost:

Computed by dividing the sum of the annual costs by the sum of the amount outstanding.

ITEM V

Weighted Average Cost of Long-Term Debt

<u>Item</u>	<u>Date Sold</u>	<u>Face Amount</u>	<u>Financing Costs</u>	<u>Net Proceeds Ratio</u>	<u>Outstanding Amount</u>	<u>Cost Rate Based Upon Net Proceed</u>	<u>Annual Cost</u>
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Total Amount Outstanding

Weighted Average Cost Rate

Discussion VI

A. Item:

The various "type" of short-term debt that the Applicant may recommend as a component for ratemaking purposes.

B. Cost Rate:

The cost recommended for each item of the short-term debt items.

C. Amount Outstanding:

As with long-term debt, the amount outstanding is the amount that remains on the books of account at the time that is used to estimate the cost of short-term debt for ratemaking purposes.

D. Annual Cost:

The Cost Rate times the amount outstanding generates the Annual Cost.

E. Weighted Average Cost:

This rate is generated by taking the sum of the annual cost divided by the amount outstanding.

ITEM VI

Cost of Short-Term Debt

<u>Item</u>	<u>Cost Rate</u>	<u>Outstanding Amount</u>	<u>Annual Cost</u>
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Bank Loans

Loans from
Individuals

Commercial Paper

Weighted Average Cost

Discussion VII

A. Item:

The items of preferred stock that are included in the recommendation for the weighted cost of preferred stock.

B. Face Amount:

The amount of the issue when originally sold.

C. Financing Cost:

The total cost of financing cost incurred when the preferred stock was sold.

D. Net Proceeds:

The ratio of the amount of net capital gleaned by the company to the original amount of respective issue when it was sold.

E. Amount Outstanding:

The amount of preferred stock to be included in the recommendation for ratemaking purposes.

F. Cost Rate Based on Net Proceeds:

Merely divide the coupon rate of the issue by the net proceeds.

G. Annual Cost:

The amount outstanding times the cost rate based upon net proceeds. As with bonds, some issues of preferred stock may have a finite life and sinking funds as well. If the life of the preferred stock is finite, the cost rate should be generated with the same method that is used to compute the cost rates for mortgage debt. Additionally, if a sinking fund is involved, Applicant may want to follow the procedure as outlined in the previous explanation of long-term debt cost rates.

ITEM VII

Weighted Average Cost of Preferred Stock

<u>Item</u>	<u>Date Sold</u>	<u>Financing</u>	<u>Net Proceeds Ratio</u>	<u>Amount Outstanding</u>	<u>Cost Rate Based On Net Proceeds</u>	<u>Annual Cost</u>
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Total

Weighted Average Cost

ITEM VIII

Cost of the Common Equity Capital

Discussion VIII

Following the summary sheet, or cover sheet for Schedule VI, will follow any and all pages which deal with the rate of return on common equity and may be show in any way.

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
Concord

REPORT OF PROPOSED RATE CHANGES

UTILITY _____ DATE FILED _____
TARIFF NO. _____ or PAGE NOS. _____ EFF. DATE _____

Rate or Class of Service	Effect of Proposed Change*	Average No. of Customers	Est. Ann. Rev.		Proposed Change	
			Pres. Rts R	Prop. Rts	Amt.	%
TOTALS						

* Show increases, decreases and net changes in each rate classification separately, where applicable.

Signed by: _____

Title: